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SUBJECT: IRANIAN PERCEPTIONS OF TALKS WITH THE US (C-NE7-00968)

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REASON: 1.4 (d)

1.(C) Summary: While we have not heard anything outside of press reporting regarding Iran's goals and strategies for the upcoming May 28 meeting with the US on Iraq, we have had some discussions with contacts regarding interlocutors and some positive and negative reactions to the idea of talks. The choice of interlocutor will be a good indicator of who is in the driver's seat of policy right now. The arrest of academic Haleh Esfandiari may be an effort by some to torpedo talks, although there is no sign yet from the Iranian side that they are distancing themselves from attending. Iranian officials seem to be making major efforts to publicly justify Iran's participation, despite other signs of crackdowns on links to the US. Iran may also see Esfandiari as a bargaining chip against the Irbil 5. End summary

2.A.(S) WHAT, IF ANYTHING, HAVE IRANIAN OFFICIALS DISCUSSED THEY MIGHT BE WILLING TO OFFER OR NEGOTIATE ON DURING BILATERAL TALKS WITH THE US? WHAT WILL THEY BRING TO THE TABLE? WHAT ISSUES WILL NOT BE DISCUSSED OR ARE RED LINES? WHAT ISSUES WILL THEY BROACH WITHOUT HESITATION? WHAT ARE THE PLANNED TOPICS OF DISCUSSION FOR THOSE MEETINGS?

-- (U) Iranian official statements have almost uniformly asserted that the only topic for discussion with the US is Iraq, and the only reason Iran is meeting with the US is at the behest of the Iraqi government. The Supreme Leader said May 16 that the talks would be used to "remind Washington of its failed duties in the conflict torn country." He reiterated that Iran's policy toward the US has not changed, asking "how can one have a dialogue with an arrogant, bullying, expansionist an imperial American government, especially with its current, brazen, ill-mannered and boastful statesmen?" In his weekly press conference May 20, Foreign Ministry spokesman Hosseini said that Iran is not linking the nuclear issue to US-Iran talks in Iraq. Official statements continue to assert that Iran will not consider discussing other topics than Iraq with the US until the US "changes its aggressive behavior" and makes "a gesture of goodwill." It also continues to refuse to meet the precondition of suspension of enrichment necessary for talks with the P5-1.

-- (S/NF) Privately, several Iranian contacts have opined that these public statements are meant to appease hardliners who repeatedly point out that ideologically, nothing has changed between the two countries in the last 28 years. None of our

sources have claimed any insider knowledge of what Iran is likely to raise in the May 28 talks, other than the obvious issue of the detained Irbil 5. An influential source close to Rafsanjani reportedly told a contact that he believed that the release of the five was a prerequisite to US-Iran talks on Iraq at the ministerial level.

1B. (S) WHAT TYPES OF DEBATE, IF ANY, ARE OCCURRING IN THE ELITE RANKS, THE SUPREME COUNCIL FOR NATIONAL SECURITY, THE EXPEDIENCY COUNCIL, OR THE CABINET ABOUT THE TALKS? WHO IS FOR AND WHO IS AGAINST THEM? AND WHY?

-- (S/NF) Prior to the Sharm el-Sheikh talks, the same source close to Rafsanjani told IRPO Director that contact between US and Iranian foreign ministers would break a longstanding taboo and make other kinds of US-Iran contact easier. Given that there was a degree of exchange in Egypt, albeit not substantive, it would appear that such contact had been sanctioned at the highest level. However, the prediction that the taboo would be broken has not borne out, as evidenced by the arrest May 8 and subsequent charges against Iranian-American academic Haleh Esfandiari for working against the Iranian government. Her arrest, as well as other problems facing Iranian-Americans, seems designed as a message to scare Iranians off from contact with the US. At the same time, it reflects increased paranoia over US intentions toward the regime. However, it cannot be discounted that the Iranian government may try to see Esfandiari mostly as a bartering chip for the Irbil 5, a view echoed by several contacts. Another indication of crackdowns on interaction with the US, a group of Iranian documentary filmmakers planning to travel to the US on an IVLP visit was recently hauled into the Ministry of Culture and advised to turn down the invitation or face "difficulties."

1C. (S) WHO DOES IRAN PLAN TO SEND TO THE TALKS? WHAT ROLE, IF ANY, WILL AHMADI-NEJAD HAVE? RAFSANJANI? LARIJANI? WHO WITHIN THE IRANIAN GOVERNMENT WILL DETERMINE ATTENDANCE AT THE TALKS?

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-- (U) The Iranian government has not publicly confirmed who will represent Iran in the Baghdad talks. A May 21 Mehr News article claims the Iranian Foreign Ministry intends to send its UN PermRep Mohammed-Javed Zarif to lead the talks. Previous Iranian press pieces had speculated that the current Iranian Ambassador to Iraq Amir Sa'eed Irvani, Supreme National Security Council Undersecretary Mohammed Jafari or former Iranian Ambassador to Iraq Kazemi Qomi would head the delegation.

-- (C) There appears to be division inside the government over who will be the Iranian interlocutor with the US -- as evidenced by the delay in the announcement -- which would indicate a power struggle over what camp gets the "credit." In all likelihood, the decision will be the Supreme Leader's. The appointment of Zarif would make sense in terms of his experience in dealing with the US, but it would be surprising in light of long-term efforts by Ahmadi-Nejad to sideline him for being too much in the pragmatic camp. Such a choice would suggest that Ahmadi-Nejad has little influence on the decision.

-- (S/NF) We heard more from contacts about the issue of who should represent the US in talks at the ministerial level than at the ambassadorial level. One conservative contact close to former FM Velayati claimed the reason that there was no Secretary Rice-FM Mottaki meeting at Sharm El-Sheikh was because

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it was decided that Mottaki was not the right interlocutor. The contact called Mottaki weak, in contrast to his predecessors FM Velayati and Kharrazi who he said were policy advisors as well as implementers. The source claimed that Ahmadi-Nejad had chosen Mottaki to be his "puppet."

-- (S/NF) We have heard speculation that Velayati may be selected to conduct talks, but it is not clear whether that

would only be for talks at the ministerial level or also ambassadorial. One source recently returned from Iran said there is discussion of creating a new position for Velayati within the government, possibly to prepare him to "take over," but the source close to Velayati had reportedly told him he was doubtful that Velayati would agree to join Ahmadi-Nejad's government. The same source also told IRPO Director that Velayati plans to run for president in 2009 but will wait to see the results of the 2008 Majles elections before declaring his candidacy.

-- (S) One source recently claimed that Supreme National Security Council Secretary Larijani is in a relatively weak position within the government (and that one of his brothers -- not clear which one but presumably Mohammad-Javad Larijani -- was more influential than him). Larijani was described as independent from both the Ahmadi-Nejad group and the Rafsanjani group.

1D. (S) WHAT WILL THEIR MARCHING ORDERS BE? WHAT DIRECTIVES WILL THE PARTICIPANTS BE GIVEN AND WILL THEY HAVE ANY LATITUDE TO NEGOTIATE? WHAT, IF ANYTHING, BESIDES IRAQ ARE THE PARTICIPANTS PREPARED TO DISCUSS? WHAT PREPARATIONS FOR FOLLOW-ON TALKS, IF ANY, ARE IRANIAN LEADERS MAKING?

--(U) In the only public comment we have seen indicating willingness to broaden the agenda, Secretary of the Human Rights Headquarters of Iran's Judiciary Mohammad-Javad Larijani said on the sidelines of the World Economic Forum in Jordan May 22 that it is possible that Iranian and US officials could discuss "issues related to Iran" while in Baghdad. While reiterating to IRNA that the talks are being held at the request of Iraqi officials on Iraq only, he did not dismiss the possibility of broadening the discussions if "Washington shows good will."

1E. (S) WHAT ARE IRANIAN LEADERS SAYING ABOUT THEIR GOALS AND CONCERNS VIS-A-VIS US ENGAGEMENT? WHAT ARE THEIR PERCEPTIONS ABOUT US INTENTIONS FOR THE TALKS? WHY ARE IRANIAN LEADERS INTERESTED IN HOLDING DIALOGUE NOW?

-- (U) Iranian officials in their public statements are framing their agreement to attend the talks as a sign of their good will and intentions towards Iraqis and a sign of US weakness. As reported by PressTV, Foreign Minister Mottaki told Jordan's King Abdullah May 20 that Iran "will be seeking the correction of wrong policies the US has adopted in Iraq when the two countries sit down."

--(S/NF) Iranians have long asserted that one of the main obstacles to talks with the US is the issue of who will get credit for eventual reestablishment of ties. The contact close to Velayati recently claimed to IRPO Director that President

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Ahmadi-Nejad's status is weakening and that his only chance of being reelected in 2009 is opening relations with the US. This source claimed that Ahmadi-Nejad's personal ambition would triumph over his ideological opposition to dealing with the US. The same source also claimed Rafsanjani's relative strength has grown over the past five months. Subsequent to this conversation, former nuclear negotiator Mousavian was arrested, and we heard that his arrest made others, including Velayati and Rafsanjani, very nervous. This would indicate they do not believe themselves to be untouchable.

Public perceptions

3.(S/NF) At the popular level, prior to the Iraq conference at Sharm el-Sheikh, we heard there was lots of excitement in Iran about prospects of Rice-Mottaki meeting, with people handing out sweets to celebrate. Regarding the Baghdad talks, people seem to believe both governments' statements that the content will be restricted to Iraq, but some Iranians say they see these talks as a first step toward better relations. The source close to Velayati told IRPO Director that most in the Iranian government

are dying for a green light from US on engagement, motivated in part by the very bad state of economy. We heard indirectly that a major Bazaar leader, reportedly close to the Supreme Leader and an informal advisor to Ahmadi-Nejad, said Iran should have relations with the US.

4.(C) A negative note about the talks was struck by several civil society activists, who indicated to IRPOffs concern that if talks led to political deals between US and Iran, the US would drop the subject of human rights and democratic reform in Iran.

5.(C) Comment: Facing growing international pressure and increased blame by its own population for its economic and political problems, the government may see in talks on Iraq with the US a way to deflect domestic and international criticism and project a more pragmatic image. It may hope that positive traction in talks will help forestall stepped-up UNSC sanctions against it. It may also genuinely hope that such talks will lead to broader engagement. However, the charges against Esfandiari could indicate an effort by opponents in Iran to torpedo any kind of engagement with the US. The arrest very likely indicates Iran will continue its internal crackdown on civil society and view with suspicion any links with the US -- other than any in which it directly participates.

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